

REMARKS

The Office Action dated February 11, 2003 has been received and carefully noted. The preceding amendments and the following remarks are submitted as a full and complete response thereto. Claim 1 has been amended as to matters of form only. Claim 2 has been amended to positively recite the meaning of a claim term, as already defined in the specification. New claims 17-19 have been added. No new matter has been added, and no amendments have been made that narrow any elements of any claims. Accordingly, claims 1-19 are pending in this application and are submitted for consideration.

Claims 1-16 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,505,174 to Keiser et al. (hereinafter, "Keiser") in view of U.S. Patent No. 6,349,291 to Varma. Applicants respectfully traverse the rejection and submit that the rejection is improper and that claims 1-16 recite subject matter not shown or suggested by the combination of cited prior art.

At the outset, Varma does not constitute statutory prior art against the present application because the present application is entitled to the filing date of Provisional Application No. 60/176,627 under 35 U.S.C. § 119(e). Thus, the rejection of claims 1-16 based upon a combination of references including Varma is improper.

Claim 1 (upon which claim 13 depends) defines a system for executing trades of securities according to predefined trading strategies. The system includes a plurality of servers. Each server is programmed with a specific trading strategy algorithm. Each server is configured to receive trade orders and execute the trade orders according to the specific trading strategy algorithm. The plurality of servers are connected to a

plurality of clients over a communication network. Each client is configured to generate a trade order and transmit the trade order over the communication network to a selected server based upon a selected trading strategy.

Claim 2 (upon which claims 3-12 and 14-16 depend) defines a method for executing a trade order for a security. The method includes a step of providing a server connected to a communication network. The server is programmed with a specific trading strategy algorithm, which determines how a trade order is to be entered into a trade forum. At the server, a trade order is received from a customer over the network. The received order is executed in a trade forum according to actions determined by the specific trading strategy algorithm.

According to the claimed invention, a number of trading strategy algorithms are provided, which can be used to execute a trade order according to a desired trading strategy. As a result, the invention provides a significant advantage over the prior art where strategies are executed manually by human traders. Therefore, much more complex trades can be executed and a larger number of complex trades can be executed than before. One example of trading strategy algorithm, volume weighted average price (VWAP), is described at page 6 of the present specification.

Applicants submit that none of the cited prior art describes or suggests executing trade orders according to trading strategy algorithms, as defined by the claimed invention. Keiser is directed to a system for creating and maintaining a virtual financial market. The system includes a number of functions designed to reduce the volatility of the market, such as an instrument pricing system and an instrument price control

system. Keiser discloses a system for trading securities, wherein the traders enter market orders, i.e., orders to buy or sell certain quantities of securities at the prevailing market prices. Keiser includes a virtual specialist program that determines the price of a security based on supply and demand, but which does not execute any specific trading strategy for executing received orders as set forth in claims 1 and 2 of the present invention. See col. 9, ll. 14-34; col. 11, ll. 20-39; and col. 15, ll. 25-51. Keiser fails to show or suggest the implementation of trading strategy algorithms to execute trades according to a trading strategy, and Keiser is merely concerned with the maintenance of the market itself, i.e., market price, etc. See generally, Summary of the Invention, and col. 9, ll. 39-40; col. 9, line 65-col. 10, line 14; col. 10, ll. 30-37; and col. 11, line 20 - col. 14, line 2.

As mentioned above, Varma does not qualify as statutory prior art. Even so, Varma does not show or suggest the implementation of trading strategy algorithms to execute trades according to a trading strategy and fails to make up for the above-described deficiencies of Keiser. Accordingly, Applicants submit that the combination of cited prior art fails to show or suggest each and every element of claims 1-16. Therefore, Applicants request that the rejection be withdrawn and claims 1-16 be allowed.

Claims 1-16 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. In particular, it was asserted in the Office Action that the claims are overly broad. Applicants respectfully traverse the rejection and submit that claims 1-16 comply with the requirements of 35 U.S.C. § 112.

As one embodiment of a system for executing trades according to trading

strategy algorithms, the specification of the present invention describes a system comprising a network having a plurality of servers 11. Each server 11 is programmed with a specific trading strategy algorithm (e.g., VMAP, SPI, etc.), receives trade orders and executes the trade orders according to the specific trading strategy algorithm. The servers 11 are connected to a plurality of clients 12-16 over a communication network 10, and have access to a plurality of trading mechanisms and exchanges 18-24. The clients 12-16 can enter trade orders through the communication network 10 to the server corresponding with the desired trading strategy to complete the client's trade order. For example, "[t]he VWAP trading algorithm is programmed into a server 11, and customer wishing to execute the VWAP strategy for trades input orders and transmit them directly to the server 11 running the VWAP strategy via the network 10." See page 6 of the specification. Applicants submit that one of ordinary skill reading the claims in the light of the specification would clearly understand the metes and bounds of the claim in their present state. Thus, Applicants submit that claims 1-16 comply with the requirements of 35 U.S.C. § 112 and request that the rejection be withdrawn.

In view of the above remarks, the Applicant respectfully submits that each of claims 1-19 recite subject matter which is neither disclosed nor suggested in the cited prior art and are in condition for allowance. The Applicant submits that this subject matter is more than sufficient to render the claimed invention unobvious to a person of ordinary skill in the art. The Applicant therefore requests that each of claims 1-19 be found allowable, and this application passed to issue.

If for any reason the Examiner determines that the application is not now in condition for allowance, it is respectfully requested that the Examiner contact, by

telephone, the Applicant's undersigned attorney at the indicated telephone number to arrange for an interview to expedite the disposition of this application.

In the event that this paper is not timely filed, the Applicant respectfully petitions for an appropriate extension of time. Any fees for such an extension together with any additional fees may be charged to Counsel's Deposit Account No. 02-2135.

Respectfully submitted,

By 

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Attachment: Marked-up copy of Amended Claims

MARKED UP COPY OF THE AMENDED CLAIMS

1. (Amended) A system for executing trades of securities according to predefined trading strategies, comprising:

a plurality of servers, each server being programmed with a specific trading strategy algorithm[,] and configured to receive [receiving] trade orders and [executing] execute said trade orders according to [the] said specific trading strategy algorithm [programmed therein];

said plurality of servers being connected to a plurality of clients over a communication network, [wherein] each [a] client being configured to [enters] generate a trade order and transmit[s it] said trade order over said communication network to a selected server of said plurality [associated with the trading strategy the client desires to use to complete the trade order] based upon a selected trading strategy.

2. (Amended) A method for executing a trade order for a security, comprising the steps of:

providing a server connected to a communication network, said server being programmed with a specific trading strategy algorithm, said trading strategy algorithm defining how a trade order is to be entered into a trade forum;

receiving at said server over said network a trade order from a customer; and executing the received order in a trade forum according to actions determined by said specific trading strategy algorithm.